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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0150025
TaskID: 4462
Mine Name: BEAR CANYON MINE
Title: MIDTERM COMPLETION RESPONSE

General Contents

Identification of Interest

Analysis:

The Midterm Permit Review for the Bear Canyon Mine was completed on June 6, 2013. Deficiencies were identified in the Ownership and Control information provided in the Bear Canyon MRP in accordance with R645-301-112.330.

The Midterm Review Response was submitted by the Operator on December 9, 2013. The response included the ownership and control pages of the MRP, 1H-3 and 1H-4; however, the deficiencies identified in the review were not addressed.

Deficiencies Details:

The Operator should submit updated pages (1H-3 and 1H-4) to correct the Ownership and Control information in the Bear Canyon MRP in accordance with R645-301-112.330.

Castle Valley Mining, LLC. The following should be added to page 1H-3:

Chad Hunt, President, end date of 3/2/12
Christopher Moravec, Senior Vice President, end date of 3/2/12
Joseph Miller, Vice President, end date of 7/16/12
Joseph Miller, Assistant Secretary, end date of 10/5/10
Arthur Amron, Vice President and Asst Secretary, end date of 10/5/10
Jay Maymudes, Vice President, Secretary and Treasurer, end date of 10/5/10
Paul Jacobi, Vice President, end date of 10/5/10
Gary Isaac, Assistant Secretary, end date of 12/31/12

Chad Hunt, Vice President, start date of 3/2/12
Christopher Walton, President, start date of 4/11/12
Richard Boone, Treasurer, start date of 10/5/10
Jeff Quatman, Vice President, start date of 3/31/11
Whitney Kegley, Vice President, Secretary & General Counsel, start dates of 7/16/12

Rhino Energy, LLC. The following should be added to page 1H-4:

Mark Zand, Chairman, end date of 10/5/10

Christopher Moravec, Senior Vice President, end date of 3/2/12

Joseph Miller, Vice President & Asst Secretary, end dates of 7/6/12

Arthur Amron, Vice President & Asst Secretary, end dates of 10/5/10

Jay Maymudes, Vice President, Secretary & Treasurer, end dates of 10/5/10

Paul Jacobi, Vice President, end date of 10/5/10

Corey Heaps, Vice President, end date of 12/21/11

Andrew Cox, Vice President, end date of 8/2/13

Richard Boone, Treasurer, start date of 10/5/10

Christopher Walton, Sr Vice President & Chief Operations Officer, start dates of 4/11/12 and with end dates of 8/19/13

Christopher Walton, President, start date of 8/19/13

Christopher Walton, Chief Executive Officer, start date of 10/21/13

Jeff Quatman, Vice President, start date of 1/1/11

Whitney Kegley, Vice President, Secretary & General Counsel, start dates of 7/16/12

Brian Aug, Vice President, start date of 8/5/13

ssteab

Completeness

Analysis:

In the previous review, a requirement was given for the operator to replace the commitments in Chapter 5 to reflect that Castle Valley Mining is the entity responsible for compliance as C.W. Mining Company is not Bear Canyon Mine's operator. The operator has complied with this requirement.

jowen

Operation Plan

Hydrologic Ground Water Monitoring

Analysis:

Updated pages for 7-53, 7-56, 7-60, and 7-60A were provided. The pages clarify the submission of reporting of the accelerated sampling from pages 7-56 and 7-60A.

khoffman

Hydro Surface Water Monitoring

Analysis:

Updated pages for 7-53, 7-56, 7-60, and 7-60A were provided. The pages clarify the submission of reporting of the accelerated sampling from pages 7-56 and 7-60A.

khoffman

Hydrologic Sediment Control Measures

Analysis:

Page 7-90 was submitted as part of the amendment to update language that construction of the sediment basin in the Bear Canyon No. 3 mine Portal Area has been completed.

khoffman

Reclamation Plan

Bonding Determination of Amount

Analysis:

According to Division records, the operator currently has a surety bond posted totaling an amount of \$1,830,000. The principal holder is Western Surety Company.

As part of the initial midterm permit review, the operator was required to provide updated information for estimated bonding costs with supporting calculations for the estimates.

The current application includes updated unit costs (used to update bond calculation spreadsheets) and updated escalation factors. Updates were provided using the 2013 data from R.S. Means Heavy Construction Cost data manual. Page 8-1 and pages 8-6 through 8-35 of Chapter I of the MRP (including the bond summary and corresponding bond calculation sheets) were updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

Conditional Approval is recommended.

jowen